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IN REPLY  
REFER TO AQOE

**MEMORANDUM FOR COMMANDERS, DCMC CONTRACT ADMINISTRATION  
OFFICES (CAOs)**

**SUBJECT: DCMC Memorandum No. 97-016, Lessons Learned in Privatizing  
Activities (INFORMATION)**

This is an INFORMATION memorandum. It remains in effect until rescinded or superseded. Target Audience: Administrative Contracting Officers.

At the May 97 DCMC Commanders Conference, several Commanders expressed an interest in obtaining information pertaining to lessons learned in privatization efforts to date. Attached is a compendium of information collected in the Fall of 1996 that may be informative and helpful to those CAOs currently involved in these acquisitions or contemplating future involvement.

Significant new information is being compiled as the public/private competitions at Kelly and Sacramento Air Force Bases progress towards contract award. Unfortunately, much of the pertinent information remains guarded under the necessary cloak of "Competition Sensitive" and cannot be released until contract award. Please be assured that the CAOs affected by these acquisitions are fully knowledgeable of the requirements for contract administration services and future releases of lessons learned under these efforts are planned.

The point of contact for this information is COL Frank Davis, (703) 767-3413 or Ms. Stephanie Strohbeck, (703) 767-3445.

  
JILL E. PETTIBONE  
Executive Director  
Contract Management Policy

Attachment

## PRIVATIZATION LESSONS LEARNED

The following list is a consolidation of lessons learned from all privatizations being conducted or completed.

- **1. Engage Early** - As soon as any installation or work unit is designated for privatization, the servicing CAO and Liaison should:
  - Set up a network of points of contact between DCMC (HQ, District and CAO), Customer and Contractor(s). Designate a lead agent for the transition.
  - Gain commitment up front from customer regarding what DCMC will be responsible for doing - set up a Memorandum Of Understanding with customer:
    - Understand mission workloads & processes - what you will surveil.
    - What office space and equipment will be provided. Should be in the company contract. Customer pays, contractor provides space.
    - Make Civil Engineering & Communication requirements known early.
  - Listen to the customer's requests and know their needs:
    - Be sensitive to all vested interests. Base commander & staff, Program Manager & PCO, single item managers, port authority, and contractor.
    - Understand the Acquisition Strategy and engage in Early CAS activities.
    - Be involved with executive transition team.
  - Support transition planning and implementation phase activities - be a team player:
    - Be involved in Strategic/Tactical Integrated Product Teams (IPTs).
    - Introduce PROCAS and IPT early.
    - Support award fee process.
- **2. Assistance/Communication**
  - DCMC Headquarters, the local DCMC CAO and cognizant DCMC Customer Liaison should be kept informed of all that is going on and copied on all correspondence. DCMC staff at all levels must understand privatization mission. Staff understanding of local issues is paramount.
  - Courtesy calls by senior personnel. Recommend personal communication between DCMC Commander/Deputy level and Signature Authority Level of privatization effort to ask questions about how we're doing and establish/negotiate roles of DCMC. Also recommend DCMC letter to customers on role of DCMC with privatization.
  - Leadership from program office is critical, the thread that ties it all together.
  - Develop relationships with customers, contractors & other key players:

- Educate all parties about DCMC mission and be visible - do “show and tell”, add suggested inputs for consideration.
  - Accomplish program integration activities as delegated by the Program Office.
  - Pass information freely, while keeping in mind the public/private competition procedures.
  - Facilitate Movement of Missions - interact with fellow Customer Liaisons
  - Engage function to function interface at multiple levels (e.g., Contracts, Personnel, Finance, Legal, and Executive Transition Teams).
  - Keep discussions with GAO open, honest, accurate & within area of responsibility. Local level should refer GAO to DCMC HQ.
  - Keep copious notes.
  - Team with other DCMC offices.
  - Recommend DCMC become the contractor’s interface vs. reporting to the customer and DCMC.
  - Turf battles common-place; be sensitive and don’t take sides.
  - Strong arming does not work. Need to earn people’s trust.
- **3. Stay focused on the warfighting mission**
    - Sensibly require compliance to requirements.
    - Maintain realistic expectations - all things considered.
    - Maximize support to the warfighter.
    - In the absence of formal contract requirements, be prepared for an informal cost monitoring program. Consider establishing a formal cost monitoring program.
- **4. Personnel and Resource Issues**
    - Need to have commitment of cognizant CAO to provide necessary resources to support effort (personnel, dollars, and logistics).
    - Standup DCMC personnel and facilities early:
      - Appropriate manpower & experience levels - team members need to think “out of the box”.
      - Staffing levels to correspond with contractor staffing.
      - Clarify bargaining unit representation up front.
      - Operating location & furnishings.
      - Computer assets & connectivity.
      - Office policies & procedures.
      - Develop Standard Operating Procedures.
    - Secure adequate funds up front:
      - Office space and equipment
      - Payroll
      - ADP (Software, LAN, etc.)
      - TDYS

- Facility Modifications
- Ensure personnel are empowered to make decisions
- Consider a temporary waiver for certification qualifications for DD 250 signature. Allow time to obtain certification and preclude slowdown of DD 250 processing.
- No dual role (limit personnel working on contractor work while they are still employed by the government).
- Workload turnkey decisions must exclude prospective contractor employees (formerly Government).
- Potential employment-related conflict of interest issues arise.
- Benefits package differences between Contractor and Government may be an issue.
- Constant scrutiny requires qualified cost monitor.

## • **5. Support/Implementation Issues**

- Begin DCMC Planning Activities Early.
  - Management in place--Leadership Critical.
  - On-site transition office a must. Details if necessary. Suggested participants:
    - Program manager
    - PCO
    - Single item managers
    - Base representation
    - DCMC
  - Identify DCMC security clearance requirements early.
  - Read & interpret contracts.
- District and Local Commanders must be briefed early, continuously updated, provided requirements, and reminded to follow through with support commitments.
  - Methods for obtaining funding are not well known. Services should be asked if BRAC funding is available for use by installations for privatization.
  - DCAA representative must be from region with jurisdiction over site.
  - Save costs by taking advantage of base closure activities (e.g.: base service store supplies, office furniture).
  - Will be forced to deal with a lot of new databases (contractor and govt.) which government will need to learn and possibly assimilate into our own databases.

## • **6. Technical Contract Problems**

- **a. Transportation/Packaging**
  - Qualify contractor procedure early on in process.
- **b. Property Management**

- Government property is a really important area, so be sure it is planned early and managed well.
- Identify all Government Furnished Equipment prior to turnover.
- Disposition all scrap/excess.
- Ensure Foreign Military Sales & customer property is segregated prior to turnover.
- Enforce Government Property Accountability Rules.
- **c. Review Agency's Initiatives - Such as materiel management**
- **d. Inflexibility of regulatory guidance hampers progress**
  - Quick decision-making required.
  - Delegate waiver authority to local level.
- **e. Contractor accounting systems not on-site**
  - Establish communication/relationship with cognizant DCAA & DACO/CACO.
  - Understand local financial system interface with corporate system.
  - Know what CAS activities will be involved. Coordinate and communicate.
- **f. Surveillance planning difficult**
  - Support requirements may not reflect traditional experience. Be flexible and adaptable.
  - Many processes untested. Be ready for new process validation.
- **g. Active role of subcontractors creates unique problems**
  - Privity of contract.
  - Authority to make & approve contract changes.
- **h. Contract reflects individual user requirements**
  - Delivery schedules may be different for different customers.
  - Configuration management - who, what, how and where.
  - Product Quality Deficiency Report (PQDR) processing - DCMC, ALC, ICP.
- **7. Expect workload overload**
  - **a. DCMC becomes a target of opportunity**
    - Asked to do lots of non-DCMC jobs - need to assess if should be doing them:
      - Personnel Reliability Program certifying official.
      - Frequency manager.
      - Software license accountability.
      - Facilitate lease negotiations.
      - Responsibility for common property.

- Elevate before accepting non-traditional missions.
- **b. Expect the unexpected**
  - Nuclear surety program, Personnel Reliability Program, physical security program problems.
  - Bad or missing technical data.
  - Licensing & proprietary issues.
  - Poor property accountability.
  - Extensive # of Report Of Deficiency (RODs) & PQDRS.
  - Unions Issues.
- **8. Paradigms to overcome**
  - “We’ve always done it that way.”
  - “Business as usual.”
  - “Difficult to teach old dogs new tricks.” Previous government employees now contractor employees.
  - Old boy network difficult to overcome. Changes between technician and equipment manufacturer can no longer be informal, now need contract change.
- **9. Continuous changes make progress difficult**
  - Concepts and strategies have been changing.
  - Responsibility has moved to Service HQ level.
  - Decisions are being made several levels above the local managers.
  - Highly political environment.
  - Continuous local personnel changes.
- **10. Transition period versus hot start is better**
  - Not our decision.
  - Make best recommendation, be prepared to adjust.
- **11. Environmental concerns may be an issue**
  - Be ready to work with EPA.
  - Expect long term remediation program.